

# OLD COOK COUNTY HOSPITAL BUILDING CHARRETTE

## Unlocking the Value by Unleashing the Market

Lambda Alpha Ely Chapter - Team Bennett





*Edward H. Bennett, co-author of the 1909 "Plan of Chicago"*



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[Disclaimer: Presentation does not reflect opinions of any organization shown above]



# Unlocking “Core” Value With Final Development Components

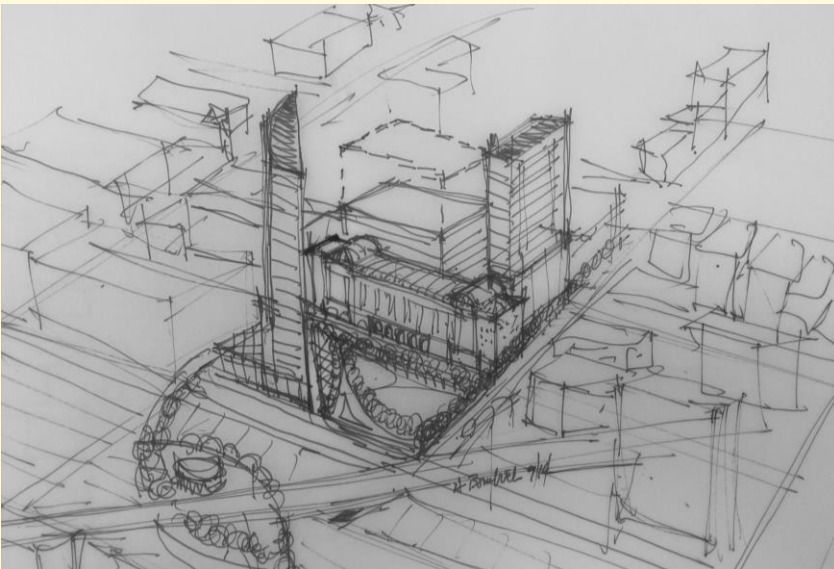




**We asked ourselves, “What final development elements would we want to see?”**

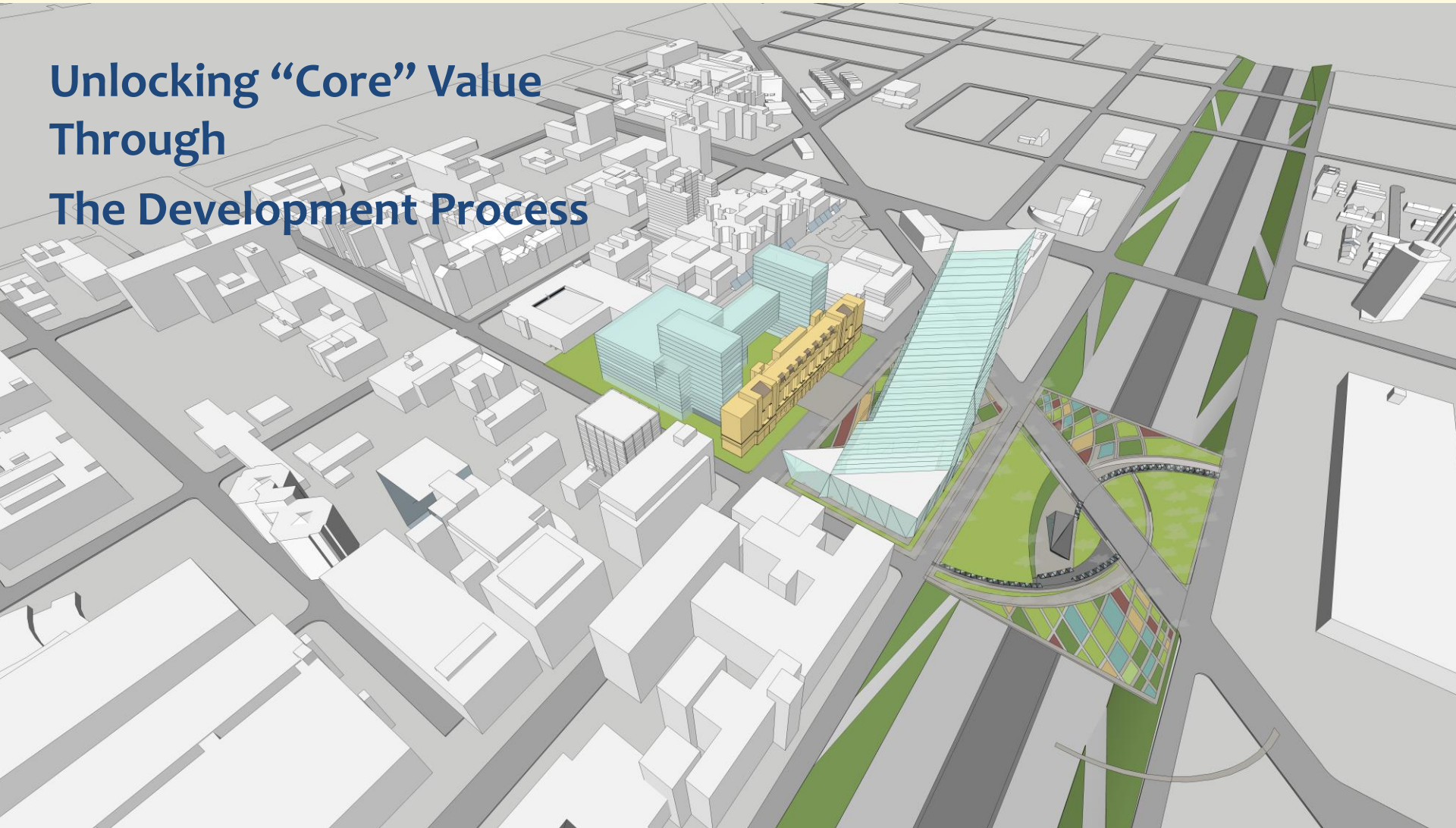
**And we answered:**

- *Reuse and Reactivation of the Irreplaceable Historic Asset*
- *Intergenerational Living*
- *“Global” Medical Destination with signature corporate headquarters*
- *Iconic Building to Reinforce Identity*
- *Community Bridges and Gathering Spaces*





# Unlocking “Core” Value Through The Development Process



**Next, exploring, “What’s possible?” the Bennett team considered the breadth of constituencies invested in this site, including:**

- Cook County
- City of Chicago
- State of Illinois
- IMD Leadership
- IMD Neighbors
- Neighboring Community Groups and Associations
- Labor Groups

**and the variety of public policy goals implicated by its redevelopment and reuse, including:**

- Historic Preservation
- Sustainability
- Public Input/Transparency
- Consensus
- Community Building
- Diversity
- Economic Opportunity/Job Creation





# Unlocking Cash Value



## **We asked ourselves:**

In this universe of potentially unlimited Visions, Visionaries, and Policy Goals for the Development and the Development Process,

What locks and unlocks the property's cash value for the County and County taxpayers?

What determines when that cash value is realized?

## **And we concluded:**

Four RFP features will drive the economic benefits to the County (and taxpayers) in terms of absolute cash flow and time value of money

- ❖ Allowable Uses
- ❖ Bulk Restrictions
- ❖ Specific Regulatory Impositions
- ❖ Third Party Consents and Controls



## USING ARTICULATION TO UNLOCK CASH VALUE

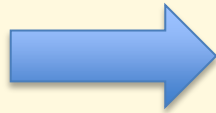


- PREMISE 1:**    **The County will have a greater number and variety of bidders and unlock more cash value from those bidders if the RFP:**
- 1.        Selectively articulates which development features and restrictions are essential vs. non-essential; and**
  - 2.        Invites bidders to articulate alternative prices as if existing regulatory constraints were lessened or removed.**

## ALLOWABLE USE AND BULK RESTRICTIONS

### PREMISE 2:

Fewer constraints



More bidders,  
Higher bids, and  
Broader variety of approaches.



### POTENTIAL IMPLEMENTATION

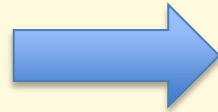
- Unlock the subject property from PD 30 and IMD.
- Establish a stand-alone PD
  - ❖ with DX-16 bulk?
  - ❖ with allowable uses consistent with B3, DX, and RM Districts?
  - ❖ subject only to site plan, CDOT, and historic preservation reviews?
- Utilize Sub-areas to fine-tune implementation for specific portions of site.



## SPECIFIC REGULATORY IMPOSITIONS

### PREMISE 3:

**Current constraints**



**Fewer bidders,  
Lower bids, and  
Less variety of approaches.**



## POTENTIAL IMPLEMENTATION

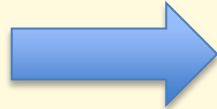
- **Unlock subject property from regulatory impositions that increase development costs and delay development.**
- **Selectively limit mandates on green building, historic preservation, affordable housing, prevailing wage, M/WBE, City/County residency, and similar policy initiatives.**
- **Or, allow for bidders to selectively choose subset. Public/private projects should not have to fulfill every good policy.**
- **Proactively accomplish legislative amendments and/or administrative waivers identified during planning and bidding stages.**

# THIRD PARTY CONSENTS AND CONTROLS

## PREMISE 4:

Third Party

Consents & Controls



Fewer bidders,  
Lower bids,  
Less variety of approaches, and  
Delayed realization of revenue, property  
taxes, community goals, and job creation



## POTENTIAL IMPLEMENTATION

- Enable bidders to anticipate a speedier, more certain, and less costly process of third party negotiations and concessions.
- Proactively unlock the site from consent and control rights inherent in the IMD and PD 30 process.
- Proactively negotiate private covenants and CBA(s) with community stakeholders to limit third-party consent and controls.



## WHAT SCOPE OF VALUE MIGHT BE UNLOCKED?



<u>Current Constraint</u>	<u>Adjusted Constraint</u>	<u>Potential Increase in Value</u>
FAR of 2 +/-	FAR of 5+/- (or greater)	5 - 10 times higher
Use restrictions	DX, RM, B3	Significant, but unquantifiable
Regulatory Impositions	Minimized	10% - 25% higher because of cost savings; plus TMV of 2 - 3 years
Third Party Consents/ Controls	Minimized	10% - 25% higher because of cost savings; plus TMV of 3 - 5 years

## WHAT SCOPE OF VALUE MIGHT BE UNLOCKED?



### HYPOTHETICAL 15-YEAR PROJECTION

FAR Scenario	Estimated Gross Buildable Area (Square Feet)	Estimated Net Present Value of Project (@ 9% Discount) <sup>[3]</sup>	Estimated Land Value/ Purchase Price realized by County	Estimated Net Present Value of Property Taxes to all Taxing Bodies (@ 9% Discount) <sup>[4]</sup>
FAR 2:1 (Existing) <sup>[1]</sup>	1.3MM	\$ 14MM	\$33MM	\$26MM
FAR 5:1 (Unleashed Market) <sup>[2]</sup>	3.3MM	\$ 89MM	\$49MM	\$86MM

[1] Assumes Year 3 Project Start; carrying costs, delayed revenues.

[2] Assumes Year 1 Project Start

[3] Both scenarios assume \$15MM rehabilitation of historic façade and \$35MM for community bridge.

[4] Both scenarios assume no Tax Increment Financing, continuation of current property tax rates.